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COMMISSION OF THE EUROPEAN COMMUNITIES

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**HUMAN**

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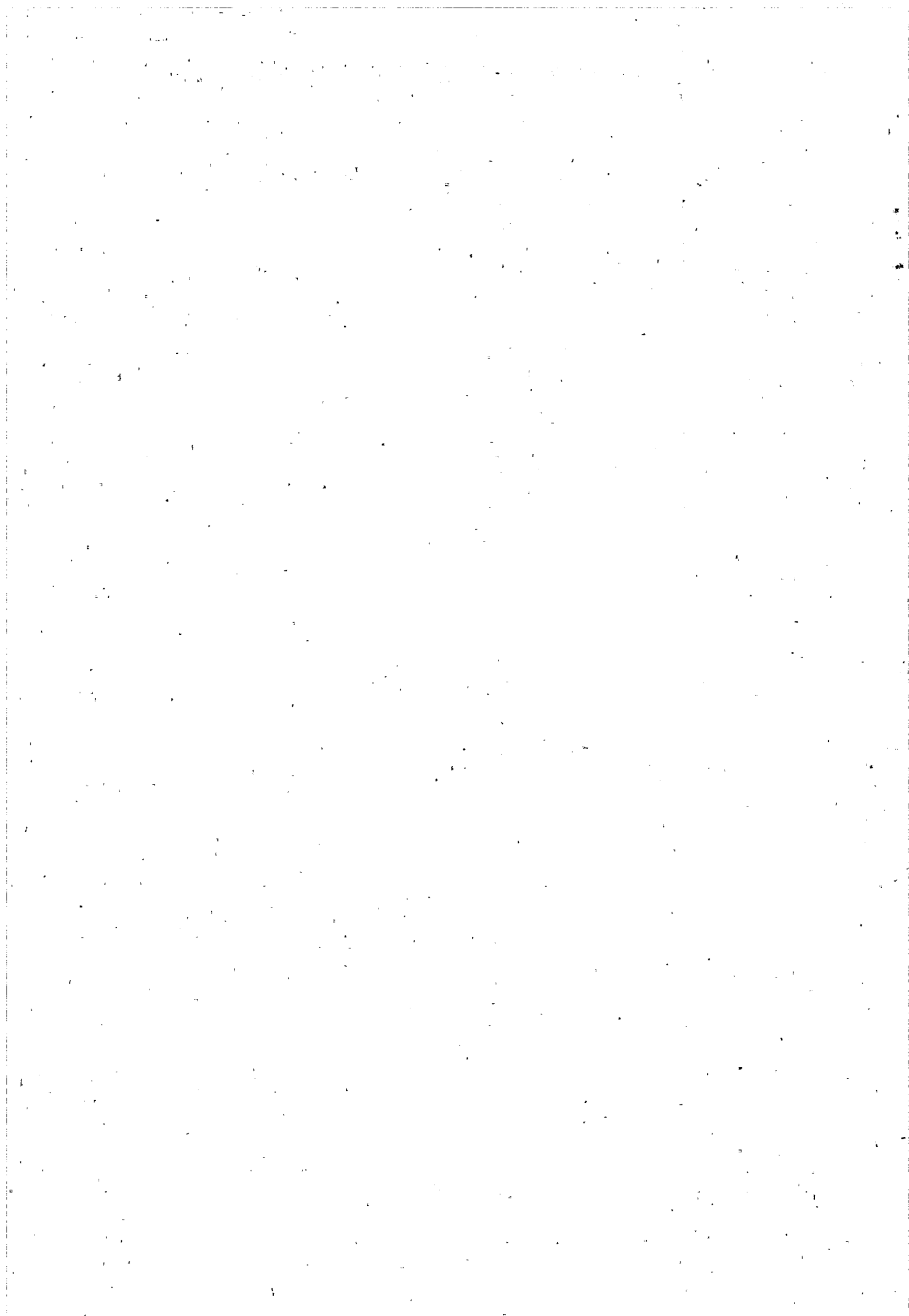
Proposal for a  
COUNCIL DECISION (EEC)

on the utilization of the unexpended balances of  
the first and second European development funds

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(submitted to the Council by the Commission)

COM(78) 279 final



## COMMISSION PROPOSAL TO THE COUNCIL

### CONCERNING THE TRANSFER AND UTILIZATION OF THE UNEXPENDED BALANCES OF THE

#### FIRST AND SECOND EDFs

#### I. INTRODUCTION

In its reports on the accounts of the European Development Funds for the financial years 1975 and 1976, the Audit Board drew the Commission's attention to the need to transfer the unexpended balances to the third EDF and to halt all new commitment decisions under the second EDF.

In its resolution on the granting of a discharge to the Commission in respect of the activities of the European Development Fund for the financial year 1975, the European Parliament requested the Commission "to suspend all decisions on financing from the second EDF and to transfer the unused balances to the third EDF".

These recommendations are based on a similar decision taken by the Council on 30 May 1972 for the purpose of transferring the unexpended balances of the first EDF to the second EDF.

#### II. THE FIRST TWO EDFs: POSITION AT 31 DECEMBER 1977

##### (a) First EDF

	<u>EUA</u>
Overall appropriation	581 250 000
Commitments	570 145 609
Monies transferred to the second EDF	10 669 793
	<hr/> 434 598

At the end of the 1977 financial year, there were still three countries (Algeria, Benin and Senegal) in respect of which the accounts for projects under the first EDF had yet to be closed.

ALGERIA: The accounts for all the projects could be closed soon if the Algerian Government were to act promptly. The Commission will shortly be taking further steps to that end.

BENIN: The accounts for four projects are still open and could be closed during the first half of 1978.

SENEGAL: Only one project is still being implemented; the accounts could be closed in June 1978.

It should be noted that the funds transferred from the first to the second EDF in 1972 (amounting to EUA 10 669 793) have all been used.

First EDF funds not used as a result of savings or the closure of accounts for projects (amounting to EUA 434.598 at 31 December 1977) can be transferred to the third EDF.

<u>(b) Second EDF</u>	<u>EUA</u>
Overall appropriation	740.754 947.61
Commitments	734 077 815.49
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Balance to be transferred	<u>6.677.132,12</u>

This amount can now be transferred to the third EDF.

### III. PROPOSAL FOR TRANSFER

The arguments in favour of transferring these unexpended balances are familiar to both the Council and the audit authorities, which recommended such transfer in the reports on the financial years 1975 and 1976.

This operation could not be carried out earlier, however, since it entailed:

- (i) imposing a ceiling on projects being implemented under the second and third EDFs. This major updating exercise was completed during the first half of 1977;
- (ii) closing the accounts for a number of projects under the second EDF which were nearing completion, and the payment of any unexpended balances into the reserve accounts of the second EDF.

The Commission set itself the deadline of 31 December 1977 (the end of the financial year) for completing this work and subsequently presenting to the Council a proposal for the transfer of funds to the third EDF.

In order to comply with the observations of the Audit Board (now the Court of Auditors), the resolution of the European Parliament and the request by the Council, the Commission is setting out in this proposal the details of the solution advocated.

1. By analogy with the Decision of 30 May 1972 concerning transfers from the first to the second EDF, it is proposed that the Council adopt a framework decision authorizing the Commission to transfer to the third EDF the balances of the first and second EDFs unexpended at 31 December 1977 and subsequently propose the uses to which the funds transferred should be put, in accordance with the procedures governing the administration of the third EDF (EDF Committee opinion and Commission decision).
2. The Commission will keep the EDF Committee regularly informed, by means of ad hoc communications, as to the nature and volume of the transfers made. Each transfer will serve to increase the resources available to the third EDF, on the allocation of which the Committee is subsequently required to give its opinion.
3. The unexpended balances of the funds released and transferred to the third EDF will remain definitively assigned to the recipient Associated States.
4. Parallel to this framework transfer decision, the Commission undertakes not to finance any further projects under the second EDF.



COUNCIL DECISION  
ON THE UTILIZATION OF THE UNEXPENDED BALANCES OF THE FIRST  
AND SECOND EUROPEAN DEVELOPMENT FUNDS

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Implementing Convention on the Association of the Overseas Countries and Territories with the Community, annexed to the Treaty, and in particular Article 5 thereof,

Having regard to the Convention of Association between the European Economic Community and the African States and Madagascar associated with the Community, signed at Yaoundé on 20 July 1963,

Having regard to the Council Decision of 25 February 1964 relating to the association of the overseas countries and territories with the European Economic Community,

Having regard to the proposal from the Commission,

Whereas the Implementing Convention on the Association of the Overseas Countries and Territories with the Community set up the Development Fund for the Overseas Countries and Territories, hereinafter called the "first EDF";

Whereas the Internal Agreement on the financing and administration of Community aid, signed at Yaoundé on 20 July 1963, set up a European Development Fund, hereinafter called the "second EDF"<sup>1</sup>;

Whereas the Internal Agreement on the financing and administration of Community aid, signed at Yaoundé on 29 July 1969, set up a European Development Fund (1969), hereinafter called the "third EDF"<sup>2</sup>;

Whereas the examination and execution of new projects under the second EDF would mean that more time would be needed to clear the accounts altogether and the Commission would be required to administer three separate funds simultaneously over the next few years;

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<sup>1</sup> OJ No 93, 11.6.1964, p. 1493/64.

<sup>2</sup> OJ No L 282, 28.12.1970, p. 47

Whereas such a situation would not provide a suitable basis for effective financial administration;

Whereas the Audit Board in its 1975 and 1976 reports on the Development Funds requested the halting of all new commitment decisions under the second EDF and the transfer of the unexpended balances actually available to the third EDF, as had been decided in 1972 in the case of the first EDF;

Whereas in its resolution relating to the observations accompanying the granting of a discharge on the implementation of the budget of the European Communities for the financial year 1975, the European Parliament requested the Commission "to suspend all decisions on financing from the second EDF and to transfer the unused balances to the third EDF",

HAS DECIDED AS FOLLOWS:

Article 1

1. Any unexpended balances recorded in connection with the implementation of projects financed by the Community under the second EDF in a State, Country or Territory in receipt of its aid may be transferred to the third EDF. The said balances shall be allocated to the State, Country or Territory in receipt of the projects to which they relate.
2. The transfers shall be decided on by the Commission.
3. The unexpended balances thus transferred shall be used in accordance with the procedures governing the administration of the third EDF.

Article 2

The Commission shall keep the European Development Fund Committee set up by Article 13 of the Internal Agreement of 29 July 1969 regularly informed as to the nature and volume of the transfers made.

Brussels,

For the Council

The President